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C O N F I D E N T I A L SECTION 01 OF 03 MUSCAT 000488

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STATE FOR NEA/ARP

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TAGS: [PREL](#) [PTER](#) [KNNP](#) [KPAL](#) [IR](#) [IZ](#) [MU](#)

SUBJECT: SCENESETTER FOR VISIT OF OMANI FOREIGN MINISTER TO WASHINGTON

REF: A. MUSCAT 484

[1](#)B. MUSCAT 414

Classified By: DCM Alfred F. Fonteneau for Reasons 1.4 (b, d)

[1](#)1. (C) Summary: Omani Minister Responsible for Foreign Affairs Yusef bin Alawi is looking forward to his visit to Washington, and particularly to his meeting with the Secretary. As the long-time de facto Foreign Minister for

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one of our oldest and most reliable friends in the Gulf, he will be eager to share views on key regional issues. Having recently completed meetings with Iranian officials, he will be in a good position to discuss possible ways forward on the Iranian nuclear file and can be expected to advocate for direct U.S. dialogue with Tehran. On Iraq, bin Alawi has gained a new measure of respect for PM Maliki from his recent trip to Muscat, but remains wary of Maliki's ability to achieve reconciliation with Sunni groups. Bin Alawi will likely also inquire about the latest USG thinking on the Israeli-Palestinian conflict, as well as the situation in Pakistan/Afghanistan. On the U.S.-Oman Free Trade Agreement (FTA), bin Alawi may express Oman's anxiousness to complete the implementation process as soon as possible. End Summary.

IRAN

[1](#)2. (C) Bin Alawi will be arriving in Washington shortly after meeting with Iranian officials in Tehran, and less than one week since the official visit to Muscat of Iranian President Ahmadinejad (ref A). He should accordingly be able to provide the Secretary and other U.S. officials with Oman's understanding of Tehran's latest thinking on its nuclear enrichment program and regional issues. Sultan Qaboos and the Omani government remain very concerned with Iran's nuclear ambitions and are fully cognizant of the turmoil a nuclear-capable Iran could cause in the Gulf, including the prompting of a regional arms race. Oman is also wary of Iranian trouble-making in Iraq and Lebanon and the long-term consequences of this behavior if left unchecked. Nevertheless, Oman has no outstanding issues with Tehran (unlike some of its GCC neighbors) and does not consider Iran as a direct threat to its own national security. For this reason, the Omani government is intent on maintaining close, though non-substantive relations with its northern neighbor.

[1](#)3. (C) By keeping positive ties with Tehran, Oman contends

that it has been able to engage in frank discussions with Iranian officials and to urge them to adopt a more conciliatory approach in addressing international concerns. In keeping with their strong preference for dialogue, the Omanis advise us against taking a confrontational approach towards Iran. They stress that further sanctions could prove counter-productive by strengthening hard-line attitudes in Tehran against an accommodation with the U.S. and other P5 members. While recognizing that Iran has "backed itself in a corner" by closely tying its enrichment activities with its national pride and sovereignty, the Omanis remain hopeful that "creative thinking" and "fresh ideas" can resolve the standoff over Iran's nuclear program. They consequently advise the U.S. and its P5 partners to engage in direct talks with Tehran "without preconditions." Fearful of the consequences of any military strike against Iran, bin Alawi will want to hear that the U.S. remains committed to seeking a peaceful, diplomatic solution to the Iranian nuclear file.

IRAQ

14. (C) The Omani leadership is deeply concerned with Iraq's future and will want to hear current USG views on this subject. The Omanis are particularly worried that continued violence between Sunni and Shi'a groups in Iraq could easily spill into other Gulf countries. Omani government officials have voiced no opposition to a U.S. troop surge as part of the President's strategy for Iraq, but assert that military force alone will not bring stability to Iraq. In direct response to our request for increased engagement with the Iraqi government, Omani officials received Iraqi Prime Minister Maliki in Muscat on April 25 (ref B). Maliki left a positive impression on both bin Alawi and Sultan Qaboos, who found the Iraqi PM to be "sincere," intelligent, and very

MUSCAT 00000488 002 OF 003

aware of the challenges facing Iraq. In a meetin with U.S. CENTCOM Commander Admiral William Fallon on May 12, the Sultan spoke favorably of Malik and chided other GCC leaders for failing to understand the importance of supporting Maliki's government. However, the Sultan also opined that Maiki was "not a strong leader," and bin Alawi has expressed strong doubts over whether Maliki is capable of pursuing reconciliation with Sunni leaders, which the Omanis see as critical to ending the insurgency.

OTHER REGIONAL ISSUES

15. (C) Like other Arab states, Oman is deeply concerned about the Israeli-Palestinian conflict and its fueling of extremist sentiment in the region. Oman closed the Israeli Trade Mission in Muscat in 2000 during the Second Intifada, but supports the roadmap process and still maintains good (though non-public) communications with Israeli officials. Bin Alawi briefly met with Israeli Foreign Minister Livni in Spain last year, and speaks with her directly via phone from time to time. In addition to U.S. plans to push forward the peace process, bin Alawi may also inquire about Afghanistan/Pakistan, especially as Oman is seeing an increase in illegal smuggling of people (mostly migrant workers) and drugs coming from that region, often with Iranian involvement.

FREE TRADE AGREEMENT

16. (C) The U.S.-Oman Free Trade Agreement (FTA) was signed by President Bush in September 2006 and promises to be a major new pillar in our bilateral relationship. The Omani government is eager for implementation to take place as soon

as possible, but apparently underestimated the time (and resources) it would take for all of its regulations and laws to be reviewed and amended, as necessary, for full compliance with the FTA. The Embassy and USTR are working diligently with the Omani government to complete the implementation process, and the recent visit of a USTR consultant to Muscat paid dividends in addressing Omani concerns. Several billion dollars of U.S. investment are pouring into Oman -- including from Dow Chemical (petrochemical complex), Bechtel (aluminum smelter), and Occidental Petroleum -- as part of the government's drive toward industrialization and economic diversification to lessen dependence on oil and gas revenues.

We anticipate that the FTA will provide new opportunities to increase the amount of trade and investment between Oman and the U.S.

COMMENT

17. (C) Bin Alawi arrives in Washington having just completed another visit to Tehran and less than a week after the Iranian President's visit to Muscat. These are the most recent examples of what appears to be Oman's proactive efforts to reach out to Tehran to reassure its leadership of the Sultanate's non-threatening intentions and balance the cooler rhetoric heard from other GCC states and the broader Arab world.

18. (C) The Omanis understand that Iranian possession of nuclear weapons would be highly destabilizing to the region and would likely trigger a nuclear arms race to counter the Persian threat. Nevertheless, they are not convinced that our current approach of increasingly painful sanctions will alter Iranian behavior. In fact, bin Alawi has suggested the opposite and has advised greater dialogue and less threatening rhetoric. In meetings with the Europeans, the sometimes churlish and even prickly Minister has revealed his rebellious Dhofari roots, chiding them for "neo-colonialist" attitudes and missed opportunities for winning over the Iranians and Iranian businesses. To us, he has expressed skepticism about claims of Iran's nuclear ambitions. His attitude may be described at times as arrogant neutrality.

19. (C) In spite of these flaws, bin Alawi can be relied upon to offer a fair assessment of the Iranian leadership's thinking. The upshot of Muscat's stepped up efforts to reassure the Iranians is the latter's confidence and trust in the Omanis as a non-threatening neighbor. Additionally, bin

MUSCAT 00000488 003 OF 003

Alawi prides himself in the relationships he has formed with Larijani, Mottaki, and even Rafsanjani. Given the realities of Omani foreign policy and practice, we should ensure that bin Alawi leaves Washington with a full and accurate understanding of our thinking and intentions with respect to Iran.
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